



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**

**REGION IX**

**75 Hawthorne Street**

**San Francisco, CA 94105-3901**

**JUL 16 2013**

**CERTIFIED MAIL # 7001 2510 0003 5943 7094  
RETURN RECEIPT REQUESTED**

Mr. Glenn A. Zane  
President  
Blue Lake Power, LLC  
1615 Continental Street, Suite 100  
Redding, California 96001

Dear Mr. Zane:

Blue Lake Power, LLC ("BLP") operates a biomass-fired 10.2 MW net electric generating facility at 200 Taylor Way in Blue Lake, California (the "Facility"). The Facility is under the primary jurisdiction of the North Coast Unified Air Quality Management District ("NCUAQMD" or the "District"). For the purpose of determining whether the BLP Facility is in compliance with its District permits, Prevention of Significant Deterioration of Air Quality ("PSD") requirements, federal New Source Performance Standards ("NSPS") requirements, federal National Emission Standards for Hazardous Air Pollutants ("NESHAP") requirements, and other requirements of the Clean Air Act, 42 U.S.C. §§ 7401-7671q (the "Act"), BLP is hereby required, under authority of Section 114 of the Act, to submit the following information and documents to EPA:

1. State the date that BLP purchased the Facility, identify who it purchased the Facility from, and provide a copy of the sales contract for the Facility.
2. State the date that BLP began combusting fuel in the Facility biomass-fired boiler.
3. State the date that BLP began commercial operation of the Facility, i.e. production and sale of electrical power.
4. Provide a copy of any and all contracts, including addenda or supplements, entered into with San Diego Gas and Electric for the purchase of energy from the Facility.
5. Provide a schematic diagram of the Facility that identifies each potential emission source (i.e. that emits any particulate or gaseous air pollutant), emission control device, and process step. Emission sources, or emission units, include, but are not limited to, the biomass-fired boiler, any auxiliary boilers, fuel and ash handling systems, and internal combustion engines.
6. For each emission unit and/or process step at the Facility that has the potential to emit any air pollutant, including but not limited to sulfur dioxide, nitrogen oxides, particulate matter, carbon monoxide, and/or volatile organic compounds, provide a description of how the emission unit or process step functions, and identify operational parameters including, but not limited to, normal and maximum processing temperatures and normal and maximum feed rates. For any

process unit or process step that you conclude does not have the potential to emit any pollutants, please provide a copy of any documents upon which you relied for that conclusion.

7. Provide copies of the following records for the continuous emission monitoring ("CEMS") and continuous opacity monitoring ("COMS") device(s) at the Facility:
  - a. The make, model number, and specifications of the device(s); and
  - b. The results section and executive summary of any performance specification or quality assurance quality control/RATA testing performed on the device(s) since January 1, 1999, to the present.
8. In chart form, identify by date each and every emissions test and/or emissions study performed at the Facility since January 1, 1999, identify the pollutants being tested for, and summarize the overall results of the test and/or study. In addition, provide copies of the results section and executive summary from each report pertaining to each of the emission tests and/or emission studies.
9. For the Facility, provide in an electronic format (Microsoft Excel 2007 compatible), daily and monthly emissions data for opacity, NO<sub>x</sub>, SO<sub>2</sub>, CO, PM, and PM<sub>10</sub> in lb/MMBTU, lb/hr, and tons/month, from January 1, 1999 to the present. Include all supporting calculations, log sheets, continuous emissions and opacity monitoring system data, and measurements used to determine emissions. If spreadsheets are used to calculate emissions, provide a formula for each column in the spreadsheet.
10. Copies of all quarterly and semiannual excess emission reports or summary reports for the Facility sent to the District since the quarter beginning January 1, 2009.
11. Copies of the following records and information for the emission control device(s) at the Facility:
  - a. The make, model number, and description/specification of the control device(s);
  - b. Daily or monthly records of any control device operating parameters since January 1, 2009;
  - c. Any biomass-boiler bed operating temperature measurements; and
  - d. The amount of emission reductions, including total reductions and control efficiency, at each process emission point from the use of the control device.

Note: Do not provide any documents that are also responsive to Request No. 18 below. However, if documents responsive to Request No. 18 are also responsive to this request, provide the BATES stamp numbers of these documents.

12. Copies of all documents relating to any variance application(s) to and/or variances granted or denied by the District Hearing Board from January 1, 2009, to the present regarding the Facility. This includes, but is not limited to:
  - a. BLP's variance application(s) and supporting documents;
  - b. Any District analysis of the variance application(s);

- c. Any District inspection report(s), Notice(s) of Violation, Notice(s) to Comply, or Notice(s) of Noncompliance which led to BLP's variance application(s);
  - d. Any correspondence between BLP and the District regarding the variance application(s) or the conditions at the Facility which are the subject of the variance application(s);
  - e. Any documents which estimate or analyze the amount by which emissions at the Facility exceed or have exceeded the emissions otherwise allowed under applicable District rules and/or permits;
  - f. Any action by the District Hearing Board concerning the variance application(s);
  - g. Any BLP variance summary report(s);
  - h. Any documents concerning mitigation conducted as a result of the variance(s), offsets surrendered, or variance or excess emission fees paid by BLP, including cost documentation; and
  - i. Internal BLP documents relating to documentation, discussion, and/or analysis of conditions at the Facility related to the variance application(s) or variance(s).
13. For each variance application and/or variance granted or denied by the District Hearing Board in response to request 12 above; specify:
- a. any equipment (such as, but not limited to, process equipment, process air pollution control equipment, emissions monitoring equipment, etc.) that failed or was taken off-line for maintenance;
  - b. documents including, but not limited to, emails, reports, notes, etc., that describe problems related to the improper operation or malfunction of equipment identified in request 12.a. above; and
  - c. documents including, but not limited to, emails, reports, notes, etc., related to efforts to replace, repair, or maintain the equipment identified in Request 12.a. above.
14. For all Notices(s) of Violation, Notice(s) to Comply, or Notice(s) of Noncompliance issued by the District to the BLP Facility since January 1, 2009, provide a copy of any document(s) associated with the NOV, NTC, and/or NON including, but not limited to, District inspection reports, the District NOV, NTC, and/or NON, BLP's response(s) to the NOV, NTC, and/or NON, any District correspondence related to the NOV, NTC, and/or NON, and any settlement agreements related to the NOV, NTC, and/or NON. Do not provide any documents already provided in response to Requests No. 12 and 13 above.
15. A copy of all documents in BLP's possession or control which relate to the Facility's current Authority to Construct Permit(s), Permit(s) to Operate, and Title V Permit. This includes, but is not limited to:
- a. A copy of each permit;
  - b. BLP's permit application(s) and supporting documents;
  - c. Any District analysis of the permit application(s);
  - d. Any correspondence between BLP and the District regarding the permit application(s);
  - e. Any action by the District concerning the permit applications;
  - f. Any documents concerning mitigation done or offsets surrendered by BLP in connection with the permit application(s); and
  - g. Internal BLP documents relating to documentation, discussion, and/or analysis of conditions at the Facility in connection with the permit application(s).

16. Copies of all documents relating to biomass fuel delivered to the Facility and as-fired at the Facility since January 1, 2009, including daily, weekly, and/or monthly records of the quantity and type of fuel delivered to and as-fired at the Facility. Please include any supply contracts with third parties (including any local, state, and/or federal agencies) relating to the fuel acquisition.
17. Describe the amount of any federal, state, or local grant money or loans received from any source of funding since January 1, 1999, that was used for the purchase or physical and/or operational support of the Facility. Specify the amount of the grant or loan, the source of the funds (including specific agenc(ies)), the date the funds were provided, and whether the funds were a loan or grant. Provide copies of all grant and/or loan agreements or documentation for the funding, including, but not limited to, programmatic and/or administrative terms and conditions, workplans, and proposed budgets.
18. For the biomass-fired boiler at the Facility, provide:
  - a. The manufacturer name and unit identification number;
  - b. The date commercial operation began;
  - c. The original design capacity (megawatts gross, MWg/net generating capacity);
  - d. Current gross and net generating capacity (MWg/MWn);
  - e. The original design and current maximum heat input capacity (MMBTU/hr);
  - f. The original design and current steam flow output capacity (lbs steam/hr);
  - g. The current operating status of the boiler;
  - h. The scheduled or planned boiler retirement date;
  - i. Current fuel(s) being fired;
  - j. Type of particulate matter emissions control and year installed;
  - k. Type of sulfur dioxide emissions control and year installed;
  - l. Type of nitrogen oxides emission controls and year installed;
  - m. Type of carbon monoxide emission controls and year installed; and
  - n. Any anticipated emission controls and estimated dates of installation.
19.
  - a. Provide in chart form a list of every and all capital projects, with a cost of more than \$5,000, for the Facility for which:
    - i. Began actual construction after January 1, 1999; and
    - ii. Those which are approved or expected to begin construction in the next 24 months.
  - b. The list should include, but is not limited to, the following information:
    - i. The work order number;
    - ii. Project description;
    - iii. Authorized or projected expenditure;
    - iv. Actual expenditure;
    - v. Date of approval;
    - vi. Project completion date or expected completion date;
    - vii. In-service date; and

- viii. Each original equipment manufacturer ("OEM"), equipment suppliers, or contractors that will provide or have provided engineering, fabrication, and/or installation services for the project.

The chart shall be provided in Excel format compatible with Excel 2007.

20. For the list of capital projects identified in Request No. 19, provide all documents related to each capital project with a cost of over \$25,000. The documents should include, but not be limited to, the following:
  - a. All associated *capital appropriation requests* and approvals;
  - b. Total project cost, including all costs incurred by owners and/or operators;
  - c. The project completion date;
  - d. The date the boiler returned to commercial operation following the completion of the capital project, including in-service reports;
  - e. Equipment specifications;
  - f. Cost/benefit analyses;
  - g. All alternative option analyses;
  - h. A copy of all emission calculations performed before and after the capital project was completed;
  - i. A copy of all correspondence with the District or any other regulatory agency regarding the potential applicability or exemption of any provision of the Clean Air Act or the applicable State Implementation Plan ("SIP"), including, but not limited to, New Source Review ("NSR")/PSD, NSPS, NESHAP, and opacity requirements of the SIP;
  - j. All documents related to any California Environmental Quality Act ("CEQA") analyses, including, but not limited to, Environmental Impact Reports ("EIRs");
  - k. All engineering analyses and/or *performance* tests showing original as-built *performance* and *performance* for the period immediately before and immediately following completion of each capital project;
  - l. All evaluations conducted to verify pre- and post-completion *performance* of the capital project under any equipment vendor guarantee;
  - m. All work order and work order request project completion reports;
  - n. All associated purchase orders;
  - o. All contracts relating to purchase of equipment and on-site installation or construction;
  - p. State whether the capital project was associated with a life extension project, capacity increase, efficiency enhancement, or reliability improvement;
  - q. Documents related to the maximum continuous rating of the boiler, both before and after the project was completed, including, but not limited to, documentation of changes in:
    - i. Unit capacity factor;
    - ii. Unit availability;
    - iii. Boiler heat input;
    - iv. Steam flow rate;
    - v. Steam temperature;
    - vi. Steam pressure;
    - vii. Unit heat rate, *BTU/MWh*; and
    - viii. Unit efficiency.



- r. Any risk analysis conducted by BLP or a third party on its behalf, including, but not limited to, average failures per year, average lost time per year, lost energy per event, and consequence of failure related to the component/section of the boiler that is going to be replaced or redesigned as part of the project;
- s. All engineering analyses, correspondence, memoranda, telephone discussion summaries, and any other communications, including, but not limited to, Board of Directors reports, meeting minutes, and annual reports, that describe the benefits; provide justification for, or otherwise explain the nature, extent, cost, and frequency of each capital project. This request includes communications both before and after the capital project was undertaken;
- t. Documents setting forth the final inputs and outputs for *production cost modeling or simulations* related to each specific project, including:
  - i. Any modeling done to specifically analyze the impact of the project on generation, including any modeling done with and without each project (or set of projects if modeling simulation included multiple projects);
  - ii. Any modeling of fuel budgets done within two years preceding completion of the projects, including any modeling done to recover the costs of fuels from customers through official filings with state utility commissions; and
  - iii. Any modeling done to support internal company budgets within the two years of completion of the projects.

Provide all inputs, outputs, and workpapers in native electronic format (e.g. .dat format, .pff format, Microsoft Excel, etc.), and if the original document was created in Microsoft Excel or similar spreadsheet format, provide the spreadsheet with all formulas intact.

- u. For each responsive modeling or simulation, provide:
  - i. A brief description of the purpose of the modeling simulation and an explanation of the responsive files produced (i.e., identifying by name or BATES number the files with the final inputs and outputs, those related to unit characteristics, output reports, users' manuals, etc.);
  - ii. Documents relating to the development or discussion of input values related to the following unit characteristics: heat rate, forced outage rate, deratings, capacity, planned outage time, and emission rates;
  - iii. All output reports created from the responsive modeling simulation;
  - iv. The users' manual for the modeling software used for the simulation; and
  - v. Any internal company guidance or policy documents on the use of the modeling software.
- v. Provide a list of all *production cost modeling* done within two years of completion of the projects. While this modeling is not requested at this time, it is within the scope of this Request and may be requested at a later date.

- 21. For each year inclusive of and from 2009 to the present, provide all annual fuel or energy budgets prepared for the Facility.

22. For each year inclusive of and from 2009 to the present, provide all annual reliability and/or availability projections for the Facility, as well as any associated engineering work papers, calculations, correspondence, or summaries.
23. For the Facility, provide copies of all PSD/NSR permits received and permit applications submitted for the period from January 1, 1999 to the present. This includes, but is not limited to:
  - a. A copy of each permit;
  - b. BLP's permit application(s) and supporting documents;
  - c. Any District analysis of the permit application(s);
  - d. Any correspondence between BLP and the District regarding the permit application(s);
  - e. Any action by the District concerning the permit applications;
  - f. Any documents concerning mitigation done or offsets surrendered by BLP in connection with the permit application(s); and
  - g. Internal BLP documents relating to documentation, discussion, and/or analysis of conditions at the Facility in connection with the permit application(s).
24. Provide a copy of any PSD/NSR permit ever issued to the Facility, including a copy of the original PSD permit and original PSD permit application.
25. For the Facility, provide copies of all documents, including reports, correspondence, memoranda, and phone discussion summaries, related to PSD, NSR, NSPS, or NESHAP applicability for any new construction or modification undertaken between January 1, 1999, and the date of this Request.
26. For the Facility, provide a list of all owners and operators, including all previous owners and operators, since initial construction of the Facility to the present, including the percentage ownership for each owner. Provide copies of any and all partnership agreements between those owners and operators concerning the Facility. Describe the decision-making mechanisms in these agreements with regard to capital projects at the Facility. Provide a copy of each such agreement.

BLP shall submit its response to this request postmarked no later than August 23, 2013. BLP must provide copies of all responsive documents as PDF files with Optical Character Recognition (i.e., searchable). BLP must provide all data in an Excel 2007 compatible electronic format that allows for data to be used in calculations. The documents shall be chronologically organized by each information request identified above and be BATES stamped. If BLP has no documents responsive to an individual information request, BLP must so state in its written response. Also, BLP need not search NCUAQMD files for responsive documents, although BLP must submit responsive documents irrespective of whether or not they are also maintained by NCUAQMD. BLP's response must be signed by a responsible corporate official of BLP. BLP must submit responsive documents on a disk (2 copies as CD or DVD media) along with a cover letter that includes BLP's written responses to the requests via certified mail with return receipt requested to the following address:

Ms. Kathleen H. Johnson  
Director, Enforcement Division (ENF-1)  
U.S. Environmental Protection Agency  
75 Hawthorne Street  
San Francisco, CA 94105  
Attn: Mark Sims (ENF-2-1)

Please be advised that under Section 113(a) of the Act, failure to provide the information required by this letter may result in an Order requiring compliance, and Order assessing an administrative penalty, or a civil action for appropriate relief. In addition, Section 113(c) of the Act provides for criminal penalties for knowingly making any false statements or omission in any response required under the Act. EPA may also seek criminal penalties from any person who knowingly alters, destroys, mutilates, conceals, covers up, falsifies, or makes a false entry in any record, document, or tangible object with the intent to impede, obstruct, or influence the investigation or proper administration of any matter within the jurisdiction of EPA or in relation to or contemplation of any such matter or case. See U.S.C. § 1519. The information provided by you may be used by the United States in administrative, civil, or criminal proceedings.

You may, if you desire, assert a business confidentiality claim on behalf of BLP covering part or all of the information provided to EPA in response to this letter. Any such claim for confidentiality must conform to the requirements set forth in 40 C.F.R. § 2.203(b). You are advised that certain information may be made available to the public pursuant to 42 U.S.C. § 7414(c) and 40 C.F.R. § 2.301, notwithstanding a claim that such information is entitled to confidential treatment. If no claim of confidentiality is received with your reply, the information may be made available to the public without notice to BLP.

If BLP seeks to withhold any documents based on a claim of attorney-client communications privilege or the attorney work product doctrine in its response to this information request, provide a privilege log for each document containing the following information:

1. The date, author(s), every individual to whom the document was originally sent, every individual who subsequently acquired the document, the purpose for which the document was sent to or obtained by those individuals, and the employment titles of the authors and recipients;
2. The subject matter of the document;
3. The privilege claimed for the document and all facts supporting the claim of privilege;
4. The primary purpose(s), including any business purposes, for which the document was made;
5. The question(s) in EPA's information request that the document is responsive to; and
6. All facts contained in the document that are responsive to a question in EPA's 114 letter.

This information request is not subject to review by the Office of Management and Budget ("OMB") under the Paperwork Reduction Act because it is not an "information collection request" within the meaning of 44 U.S.C. §§ 3502 (3), 3507, 3512, and 3518 (c) (1). See also 5 C.F.R. §§ 1320.3 (c), 1320.4 and 1320.6 (a). Furthermore, it is exempt from OMB review under the Paperwork Reduction Act because it is directed to fewer than ten persons. 44 U.S.C. § 3502(3)(A)(I).



We would also like to take this opportunity to advise you that BLP may qualify as a "small business" under the Small Business Regulatory Enforcement and Fairness Act ("SBREFA"). Please review the enclosed SBREFA Information Sheet, which is designed to provide information on compliance assistance to entities that may qualify as small businesses as well as to inform them of their right to comment to the SBREFA Ombudsman concerning EPA's enforcement activities. Please be aware that SBREFA does not eliminate BLP's responsibility to respond in a timely fashion to any complaint or information request that EPA may issue or other enforcement action that EPA may take, nor does SBREFA create any new rights or defenses under the law other than the right to comment to the SBREFA Ombudsman.

If you anticipate being unable to respond fully to this request within the time period specified, you must submit a sworn declaration by a responsible corporate official within ten (10) calendar days after your receipt of this letter, specifying what information will be provided within the time specified, describing what efforts have been/are being made to obtain other responsive information and providing a detailed schedule of when such other responsive information can be provided. Upon receipt and based upon such declaration, EPA may extend the time in which responsive information must be provided. Also, please contact us if you determine that a full response to a particular request would require an extremely large amount of documents to be provided in response. Based upon such notification, EPA may modify the method of production or scope of documents required to be produced.

If you have any questions regarding this request, please contact Mark Sims of my staff at (415) 972-3965, or have your attorney contact Ivan Lieben at (415) 972-3914 or Allan Zabel at (415) 972-3902. Thank you for your cooperation in this matter.

Sincerely,



Kathleen H. Johnson  
Director, Enforcement Division

Enclosure

cc: Mr. Randy Paterson, BLP  
Mr. Richard Martin, NCUAQMD

